



# Envisioning tomorrow

**Cargill is facing into the future.  
With clarity of purpose, we are  
focused on driving results.  
Working with customers, we  
are envisioning a tomorrow  
that is more sustainable and  
innovative. Working with  
farmers, employees and  
partners around the world,  
we are creating the tomorrow  
we all want to see: one, where  
together, we *thrive*.**

# A pivotal year



**David MacLennan**  
Chairman  
and CEO



**Marcel Smits**  
Executive Vice  
President and CFO

**2016** has been a dynamic year inside Cargill and beyond. Long-term shifts in population, urbanization and climate are reshaping global food and agriculture, even as disruptive forces are at work in the market today. We are transforming Cargill to be more agile, with capabilities essential to our customers’ success. We are leading the advance toward a more sustainable food system that nourishes people and protects the planet. We have not yet achieved the consistent earnings growth across the company that we want, but where we have made changes we have realized results. These efforts position us well for a rapidly arriving future.

### Financial performance

Cargill reported adjusted operating earnings of \$1.64 billion, down 15 percent from a year ago. Net earnings on a U.S. GAAP basis rose 50 percent to \$2.38 billion, boosted by gains on the sales of several businesses that were partially offset by impairments taken on the company’s Venezuelan operations and other assets. Revenues decreased 11 percent to \$107.2 billion, reflecting lower commodity prices, a strong U.S. dollar and divestitures. Cash flow from operations totaled \$3.41 billion.

Across the company, our trading activities yielded mixed results, in part due to low volatility in agricultural commodity markets for most of the fiscal year. Three years of good weather in major growing

regions and sluggish global demand led to large food stocks, weak prices and flat markets. Stalled growth also curbed results in many emerging economies. Even so, several of our businesses delivered strong earnings growth:

- Animal feed and nutrition
- Grain and oilseeds in China and South America
- Poultry in Central America, Europe and Thailand
- Turkey and value-added protein in North America
- Salt
- Starches and sweeteners
- Texturizing solutions
- Cocoa and chocolate in North America
- Trade and structured finance

### Segment results

Adjusted operating earnings in **Animal Nutrition & Protein** decreased slightly due to difficult market conditions globally in beef. That was nearly offset by strong performance in animal nutrition, poultry and value-added protein, which benefited from low input costs, targeted marketing and strong demand. Our poultry business in China, however, continued to struggle.

**Food Ingredients & Applications** rose significantly, as the segment transitioned from 26 business units to four global product groups. Results improved broadly across edible oils, malt, starches, sweeteners, texturizers and bioindustrials, while salt and deicing products delivered outstanding performance.

### Envisioning tomorrow means:

Navigating change ..... p4  
Driving innovation ..... p8  
Advancing sustainability..... p12

*This year, Cargill combined our financial and corporate responsibility performance into one report. The integration reflects the world in which we live and how we operate our business to create results and lasting impact.*



**Origination & Processing** also moved to larger business groups. The low-price, low-volatility environment held earnings well below the year-ago level, notwithstanding some strong regional performances. An improved regulatory environment in Argentina – as well as depreciating currencies there and in Brazil – lifted agricultural exports, allowing us to fully utilize our assets in the region.

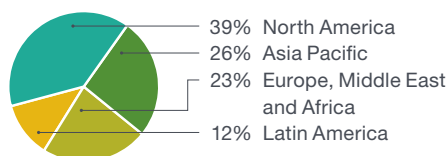
**Industrial & Financial Services** recorded a segment loss, reflecting the dissolution of subsidiary Black River Asset Management and an adjustment taken for counterparty risk in ocean transportation. The energy, metals and ocean transportation businesses dealt with oversupplied markets and weak demand that flattened prices to lows not seen in many years.

Outside of the segments, our business that offers trade and structured finance products notched excellent results, innovating throughout the year. Our risk management business was recognized as Agriculture Commodities House of the Year by Risk.net.

#### Transforming operations for growth

We re-envisioned the path to future growth by simplifying our leadership and organizational structure. We replaced the

#### Cargill sales and other revenues by destination Fiscal 2016



former two-tiered leadership structure with a smaller executive team that represents Cargill's major lines of business and key functions, and is responsible for strategic direction, portfolio management, capital allocation and talent development. We initiated a cross-company move toward fewer, larger business groups to speed decision-making, increase accountability and take better advantage of Cargill's global reach.

We focused companywide on competitive excellence – everything from running our plants and supply chains more efficiently to improving how we deliver services to our businesses. With this leaner, more direct structure, we are better positioned to meet customers' emerging needs.

We also made significant changes to Cargill's portfolio. We acquired businesses and invested capital to make us more competitive in markets where we intend to lead. Key moves included:

- Purchasing EWOS, the global leader in salmon nutrition. We see aquaculture as essential to sustainably meeting rising demand for protein in the years ahead.
- Acquiring a chocolate business that strengthened our North American brands and capabilities.
- Partnering with Jollibee Foods, Asia's largest foodservice company, to build a supply chain for specialty poultry products in the Philippines.
- Completing a new oilseed crush, refining and port complex in north-eastern China.
- Forming a joint venture to build a grain export terminal in Ukraine on the Black Sea, well-situated to serve destinations in the Middle East, North Africa and Asia.
- In the U.S., acquiring a case-ready ground beef plant, opening a new beef distribution center, and adding capacity in cooked meats and specialty protein products.

We sold businesses where we did not see a consistent path to growth, including pork processing and custom sauces in the U.S., as well as Cargill's stake in North Star BlueScope Steel. And we spun out Black River Asset Management into independent, employee-owned firms. Totalling nearly \$2.4 billion, these divestitures were the most significant in years.

## 2016 achievements



### Invested for growth

We enhanced our ability to serve changing customer needs through \$3.3 billion in strategic acquisitions and new or expanded facilities.



### Refocused our portfolio

We sold pork, steel manufacturing and several smaller businesses in order to focus on the sectors where we intend to lead. We also dissolved Black River Asset Management.



### Developed new solutions

We earned more than \$425 million from innovation, primarily new products and services in risk management and structured finance, animal nutrition and protein, and food ingredients and bioindustrials.



### Improved how we work

We achieved more than \$200 million in savings by increasing efficiency in our plants and supply chains, and by scaling up our global shared services to 2,500 employees who serve the company's major functions at central locations.

## A trusted partner

Cargill aims to be the most trusted source of sustainable products and services for our customers. In 2016, for example, we worked with Unilever to help the company reach its goal of sustainably sourced agricultural raw materials by providing sustainable cocoa, rapeseed oil, soybean oil and responsibly sourced glucose derived from wheat.

For more than a decade, Cargill has been a leader in advancing long-term solutions to protect forests. This year, we launched a policy and action plans to halve deforestation in our supply chains by 2020 and eliminate it by 2030. Priority supply chains in 2016 included soy in Brazil and Paraguay, palm oil globally, cotton and maize in Zambia, and strategic sourcing of paper-based packaging.

## Company giving

Fiscal 2016

**\$50 million**

**57 countries**

Within our own operations, we also are working to improve environmental performance. In 2016, our energy program yielded \$18 million in cost savings through efficiency gains.

Our actions in the areas of food security and nutrition are intrinsically linked to our business strategy. We were named to

Fortune's 2015 "Change the World" list for reducing malnutrition in India by fortifying our cooking oil brands with vitamins A and D.

The U.S. State Department honored Cargill for strengthening food security and farmer livelihoods with its 2015 Award for Corporate Excellence. We received the award for our investments in Vietnam's agricultural economy, where we have trained more than 1 million farmers in animal husbandry, and built and improved 76 schools, benefiting more than 13,000 students annually.

## Building a safer workplace

Our greatest disappointment in the year was the failure to send each colleague home safe every day. As a company, we experienced nine fatalities, a tragic loss of life that we refuse to accept as inevitable. We are focused on eliminating fatalities through our LIFE and LIFE savers programs, and are deploying a new LIFE savers tool to identify gaps in managing our highest-risk activities.

In other aspects of people safety, our recordable injury frequency rate reached a record low. Since fiscal 2010, we have reduced total injuries by nearly 50 percent. This year, we also saw a continued reduction in serious injuries. Our executive team is dedicated to building a culture where discipline, anticipation of risk and teamwork end fatalities.

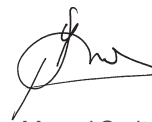
## In closing

We move into the new fiscal year invigorated by the task ahead: continuing to build the food and agriculture company the world will need in the future. This entails developing smart, sustainable and scalable solutions to nourish the world, while operating ethically and delivering the high performance our shareholders, employees, customers and partners deserve.

Envisioning tomorrow, we are driving transformation today.



David MacLennan  
Chairman and  
Chief Executive Officer



Marcel Smits  
Executive Vice President,  
Chief Financial Officer and  
Chief Compliance Officer

August 16, 2016



## Protected natural resources

We released a new forest policy and action plans to promote long-term conservation across supply chains, and we joined in collective action around the world to encourage responsible land use policies and governance.



## Convened thought leaders

We led Learning Journeys in China and Africa, as well as a global food security simulation that in total brought together more than 100 leaders to explore solutions for the food systems of tomorrow.



## Collaborated with partners

Our programs with CARE, TechnoServe, The Nature Conservancy, World Wildlife Fund and others furthered progress toward a sustainable global food system. We also joined with World Resources Institute to advance thinking on how global agriculture uses



## Celebrated 150 years

Our teams held more than 650 events around the world that marked Cargill's anniversary in 2015 and shared our story of how we have and continue to help the world thrive.



12%  
Crops

26%  
Grazing pasture

62%  
Non-agriculture

Worldwide  
land use  
in 2013

SOURCE: INTERNATIONAL SCIENCE AND TECHNOLOGY PRACTICE AND POLICY CENTER

**“Agriculture is arguably the most extensive economic activity on the planet.”**

PHIL PARDEY, UNIVERSITY OF MINNESOTA



**Navigating** change



**The global food economy is shifting. Market forces and demographic trends are continuously influencing supply and demand. Consumers are voting with their values on a wide range of quickly emerging food issues. Anticipating these changing complexities is a crucial part of how we help our customers succeed.**

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### **Three thought leaders offer their perspectives on the forces at work in the global food economy**



**Pilar Cruz** is Cargill's corporate vice president for Corporate Strategy and Development.



**Rob Hargrove** is executive vice president of Global Research, Development & Quality for Mondelez International.



**Phil Pardey** is professor of agricultural economics at the University of Minnesota.

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#### ***How are increasing urbanization and rising incomes shaping the way food is produced and consumed?***

**Hargrove:** Time compression is a major factor, as work and family situations change with urbanization. The time-starved pace that comes with urban life leads to eating patterns being much less structured. More and more around the world, people are looking for fast, convenient ways to get the nutrition they need.

**Pardey:** In general, as people move into middle incomes they start to eat more livestock-derived products such as meat, milk and eggs. People in urban environments also consume more food prepared away from home.

As incomes continue to rise, diets shift again to include less calorie-dense, more nutritious foods, including fruits and vegetables, which tend to be costlier and more perishable. And because urbanization changes the spatial relationship between where production and con-


sumption occur, more attention needs to be paid to how these foods are moved, stored and processed.

#### ***As people focus more on the links among food, nutrition and sustainability, how does that affect the food economy?***

**Cruz:** When it comes to food, there is a real disruption occurring in the marketplace. Consumers are more interested in the provenance of their food – not just where it's coming from, but how it was produced, who produced it and the sustainability of the supply chain.

With the rise of digitization and increasing access to information around the world, consumers' desire to know more about their food isn't limited to higher-income economies. We are seeing this trend in low- and middle-income countries, too.

**Hargrove:** The value shift among consumers toward choosing foods they see as ethical and socially responsible is becoming more prevalent around the



Already a megacity, Jakarta, Indonesia, is expected to reach nearly 16 million people by 2050, placing it among the world's 25 largest urban areas.

world. It's part of the heightened focus on well-being, which encompasses health and wellness as well as lifestyle choices.

There is greater awareness of nutrition, especially as people age. More people also want foods that are free of GMOs and contain more natural, recognizable ingredients. These issues aren't new trends, but they are more present now in every sort of environment.

### How is science reshaping the way we eat?

**Pardey:** There are some really big changes afoot with respect to food and agriculture research and development worldwide. In many high-income countries, the private-sector share of R&D now exceeds the public-sector share.

Furthermore, where the research is taking place is shifting. Public and private spending on food and agricultural R&D are both rising quickly in middle-income countries like China, Brazil and India. High-income countries are losing R&D market share to these nations. Meanwhile, a continuing small share of R&D spending is occurring in low-income countries.

This means there is a growing gap between the scientific haves and have nots. Roughly 70 percent of food and agricultural R&D spending globally occurs in 10 countries. We need to be more agile

about how we get technologies into areas where there is not a lot of local scientific capacity in order to boost productivity.

**Hargrove:** Crop science is certainly key. Our food system benefits from the ability to select and drive crop characteristics that are important to people.

Natural fermentation also is interesting and could have more widespread applications. The interaction between food and the human body – especially the balance of microbes in the gut – is an emerging area of understanding. What are the outcomes for nutrition, allergy relief and weight management? It's an exciting area of research that we think can have a big impact on the marketplace.

**Cruz:** Not only is there much change going on in food science, there is a tremendous increase in the rate of change. Evolving technologies, coupled with analytical consumer insights, will undoubtedly lead to new business models. Nimbleness and imagination will be necessary to take advantage of this science in order to add value to the food economy. For instance, delivering groceries online. How will these new models disrupt operations at each stage of the supply chain?

**Hargrove:** Digitization is definitely important. We need to make our products available to people as they are sitting at their computers and with their tablets and other devices. The retail environment and the channels are rapidly changing.

### What about feeding a growing population in the longer term?

**Pardey:** We can't afford to be complacent about past productivity and yield gains. Factors such as climate change and the influence of Mother Nature – especially as the interaction between pests and crops evolves – will erode those advantages.

We need to have new solutions under development because there's a long lag time between R&D investment and the impact for farmers. In the U.S., when you spend a dollar on research, it's about 22 years later that you see the maximal impact of that dollar. So what we're doing right now is of consequence for global agriculture in 2040 or 2050.

**Hargrove:** One thing that's often overlooked is that we've created the safest food supply ever seen in the world. That's something to celebrate. And going forward, it's absolutely in the interest of companies in every part of the food economy to work toward even safer and more nutritious food.

**Cruz:** Part of it also is about the younger generations of today and tomorrow. How do we connect with not only the consumers of tomorrow, but the farmers and customers we're going to partner with, the employees we're going to hire, and the communities where we'll operate? We need to understand what's important to them and how we can positively impact their future.

## Consumer values and preferences are shifting

A rising number of consumers around the world want foods that convey particular values. This includes foods that are produced through certain verified methods or are perceived to deliver specific health benefits.

### U.S. consumers

#### Regularly buy:



foods labeled as "sustainably sourced" 10%



organic food 30%



foods labeled as "natural" 40%

#### Think about:



the way their food is farmed and produced 72%



the ingredients in their food 88%

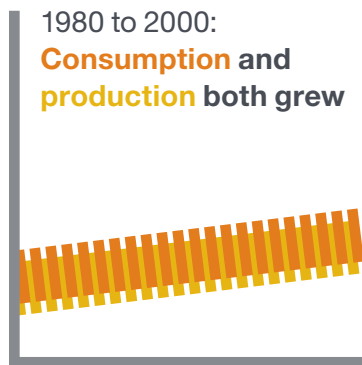


the healthfulness of their diet 91%



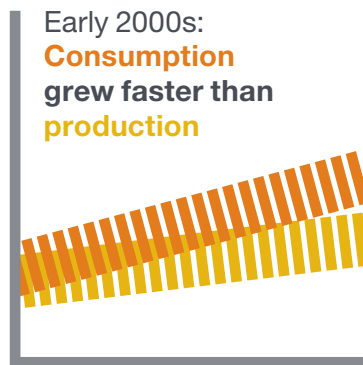
# Agricultural commodities: How we got here

During the past few years, supplies in global agriculture markets have outstripped demand, with strong production and flat consumption leading to larger food stocks, along with lower prices and less volatility. How did this occur?



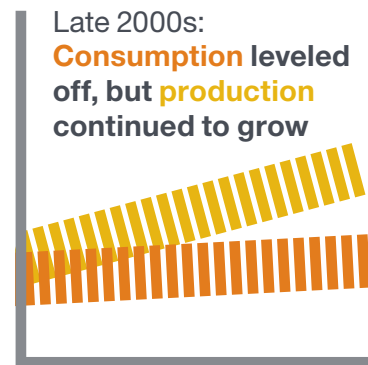
## Steady growth

From 1980 to 2000, the world saw stable growth in both production and consumption of major staple crops – about 30 million metric tons annually. Excluding weather problems, markets were well-supplied and prices declined in real terms. Continued intensification of farming in high-income countries was complemented by increased production in regions like Latin America and Eastern Europe.



## Rising consumption

Early in the 2000s, consumption began rising at a faster rate – nearly 60 million metric tons annually – driven by economic development in markets like China, the widespread introduction of biofuels and relaxed monetary policy. The resulting deficit in supply more than doubled prices above their long-term averages. This demand greatly incentivized farmers to increase production.



## Swing to surplus

Late in the last decade, consumption growth leveled off. The global economic crisis hit high-income countries hard, and China's GDP growth rate began declining, with ripple effects on other markets. Increases in biofuels slowed as well. Yet the world kept growing more food. From 2010 to 2012, weather disruptions and political unrest in some areas overshadowed a quietly mounting structural surplus by keeping prices high, which continued to stimulate production. From 2013 to 2015, good weather, rising stocks and continued sluggish demand created excess supplies and halved prices from their peak.

SOURCES: USDA, CARGILL ANALYSIS

**In global agriculture, there is a continuous rebalancing between supply and demand**



## Tomorrow's leaders

As the global food economy evolves, strong leadership will be crucial. Through the Cargill Global Scholars Program, we are supporting high-performing university students who will lead tomorrow in science, business, civil society and other sectors.

In addition to scholarship funding, the program offers unique leadership development opportunities such as learning workshops and one-on-one mentoring with Cargill leaders. To date, there are more than 200 Cargill Global Scholars from Brazil, China, India, Indonesia, Russia and the U.S.

**2015**  
\$62.1 billion

**2020**  
\$130.6 billion

**The global market for bioindustrial products is projected to more than double within five years.**

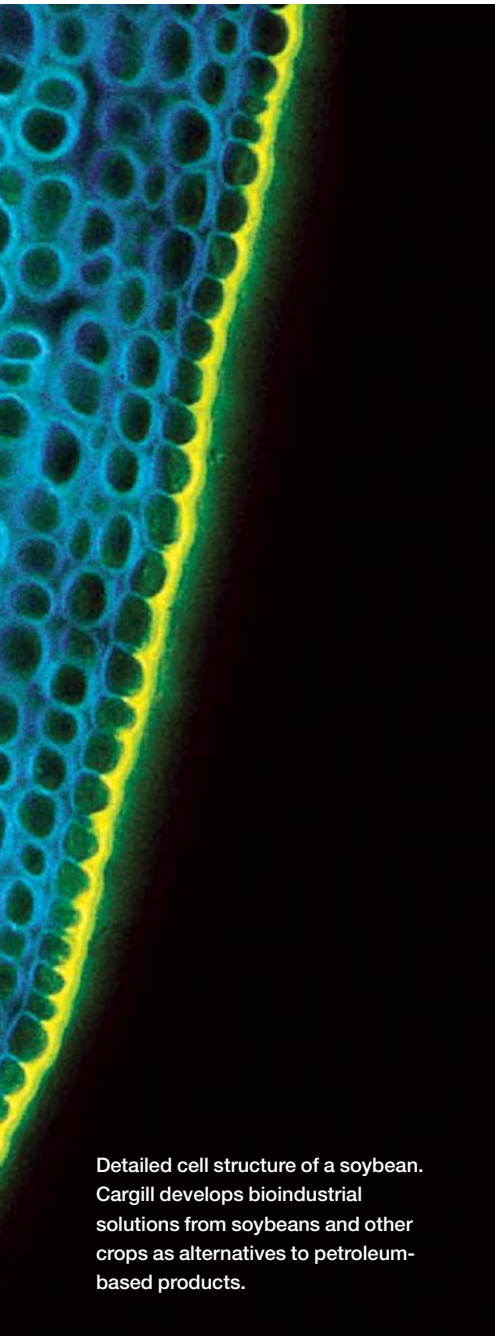
SOURCE: MARKETS AND MARKETS, 2015

A microscopic image of plant cells, showing a grid-like pattern of cell walls. A diagonal white line runs from the bottom-left corner towards the center, creating a split effect. The text 'Driving innovation' is overlaid on this line.

**Driving** ▶ **innovation**



**Innovation fuels progress. In a rapidly changing world, Cargill is developing new products and services that meet shifting expectations and anticipate future needs. Across the spectrum of our businesses, creative thinking is unlocking new possibilities.**



Detailed cell structure of a soybean. Cargill develops bioindustrial solutions from soybeans and other crops as alternatives to petroleum-based products.

## **New products, today and tomorrow**



**Kerr Dow** is Cargill's vice president for Research and Development.

### ***In addition to knowing more about their food and where it comes from, what are consumers asking for today?***

**Dow:** Consumers don't want to see a product with 25 different ingredients that have complicated names. They want to see simple ingredients they are familiar with, ones they might even have in their own pantry. This means delivering the same functionality with much simpler products, which requires innovative thinking. Yet some things have remained constant: They want it to taste great, and be convenient and affordable.

### ***What are some examples of Cargill products that meet the nutrition profiles consumers want now?***

Consumers are looking to do things like reduce sugar and shift to different kinds of fats. Regarding sugar, we've developed

multiple generations of branded zero-calorie sweeteners made from stevia. The latest in this line, EverSweet™, uses compounds that are found in very small quantities in the stevia leaf. To produce enough for our customers, we developed an innovative fermentation process.

We also are infusing canola oil with omega-3 fatty acids, which are in demand. This oil is perfectly suited for products like health drinks and nutrition bars. Today, omega-3s predominantly come from fish, so to contribute to the sustainability of marine fishing, we are exploring ways to produce this ingredient from plants and algae.

### ***What else does Cargill need to watch in terms of innovation?***

The one constant is that the industry changes all the time. With all of our product development, Cargill is thinking about generations one, two and three. We're focusing today on what our customers will expect in years to come.

 See more at [cargill.com/annual-report](http://cargill.com/annual-report)





## Making All Day Breakfast a reality

“Cargill was with us every step of the way.”

MCDONALD'S

McDonald's customers, particularly millennials, made it clear their top priority was being able to purchase Egg McMuffin® sandwiches, biscuit sandwiches and other signature breakfast items whenever they wanted. But rolling out All Day Breakfast at its 14,000 stores in the U.S. required McDonald's to find solutions for logistical and supply chain challenges. Foremost among them was finding a way to cook both breakfast and regular menu items side by side in an efficient, food-safe and consistent way.

Cargill worked with McDonald's in our replica kitchen to rethink every procedure across thousands of tests. Doing so ensured that the eggs were cooked to McDonald's Gold Standard alongside other products.

Since launching in October 2015, All Day Breakfast has positively impacted financial results. For the last three months of 2015, McDonald's posted its best quarterly sales in nearly four years, with sales jumping 5.7 percent at U.S. restaurants open at least 13 months.

“The best way McDonald's can meet and exceed our customers' changing expectations is through strong relationships like the one we have with Cargill,” said Marion Gross, senior vice president and chief supply chain officer of McDonald's North America. “Cargill was with us every step of the way, from kitchen testing to training our crew—and that's what makes them a truly valued member of our supply chain.”

## Stabilizing farmer incomes amid currency swings

Over the last several years, political and economic uncertainty in Brazil has sent its currency, the real, on a bumpy decline against the U.S. dollar that became particularly steep in 2015. Brazilian farmers' livelihoods rose and fell as the currency moved sharply and injected considerable ambiguity into their farm operations and grain marketing.

In response, Cargill developed a new approach. We gave farmers the option to buy fertilizer and other crop inputs in reals or U.S. dollars and, later, sell their grain to us in the same currency – insulating them from exchange rate volatility. With the turbulent market environment, securing financing for each new crop year also became increasingly important. As publicly funded sources for this financing decreased, Cargill stepped in to fill the gap. Bundling our services made it possible to offer an integrated package of crop inputs, risk management and financing all at the same time.

**When currency values shift sharply, Cargill helps customers minimize their exposure by fashioning risk management solutions in**

## 24 currencies

Farmers have recognized the value of this approach, with an increasing number enrolling in the program. Although Cargill has long had specialized packages of services tailored to the needs of farmers in other parts of the world, we were one of the first agricultural companies to take this route in Brazil.

## Reducing antibiotics for animal protein

We recently announced we are eliminating 20 percent of shared-class antibiotics – those used to protect the health of both animals and people – from our U.S. beef cattle feed yards and several additional feed yards operated by supplier Friona Industries. The move will affect 1.2 million head of cattle annually.

We also are driving change in turkey production, a category where just 10 percent of the products available from U.S. retailers are antibiotic-free. Cargill already offered consumers a choice with antibiotic-free turkey, but we didn't stop there. We moved to eliminate growth-promoting antibiotics entirely from our Honeysuckle White® and Shady Brook Farms® consumer brands, completing the project in 2015.

With interest continuing to grow, we are developing new ways to lower antibiotic usage. Ongoing research includes increased vaccines, shifting to antibiotics that aren't used in human medicine, improved feed regimens, and non-medical methods to maintain animal health.

**1.2m Head of cattle covered annually by Cargill's reduction in antibiotics**

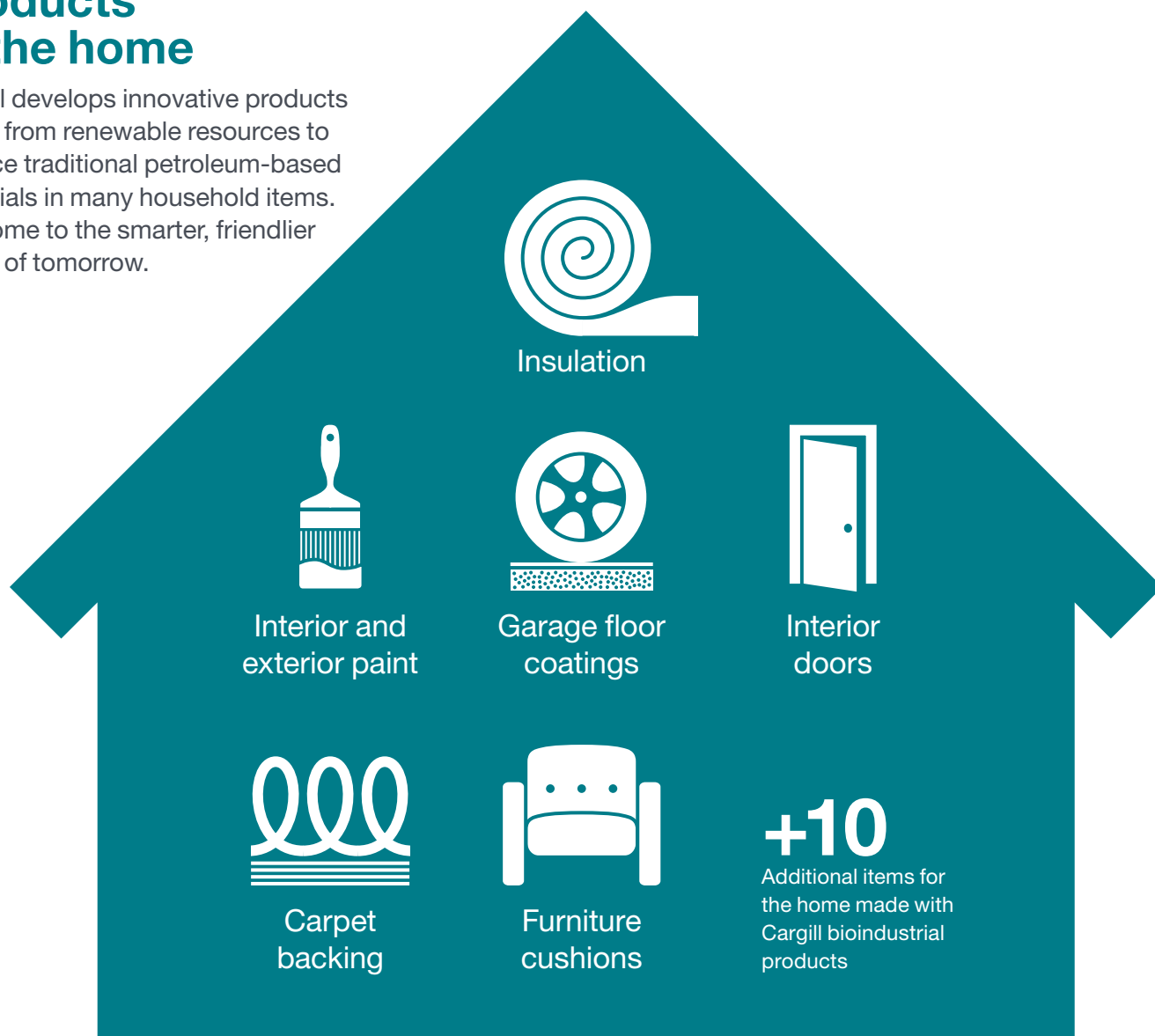
For example, Cargill researchers are looking at the role that essential oils can play in poultry to promote feed efficiency and keep birds healthy. We are finding that certain essential oil compounds have a broad, positive effect on digestive health. As growth-promoting antibiotics are reduced, Cargill is exploring these kinds of alternatives to ensure animal well-being.

**“I hope to help more women from my village see that doing something out of the ordinary is not scary at all.”**

ALITA, CARGILL PARAMEDIC AND ADMINISTRATOR, MEMBER OF INDIGENOUS DAYAK TRIBE

## Bioindustrial products in the home

Cargill develops innovative products made from renewable resources to replace traditional petroleum-based materials in many household items. Welcome to the smarter, friendlier home of tomorrow.



### Driving women's empowerment in the palm sector

To address the gender gap in the palm industry, Cargill has developed programs that help both women employees and community members pursue career and economic advancement.

At our oil palm plantations in Indonesia, we are hiring and training women for traditionally male-dominated jobs like harvesters, security guards and paramedics. We also offer employee programs on women's nutrition, pregnancy and other health information.

Since 2012, more than **1,100 female graduates** in the community have acquired skills and training to **improve their livelihoods**

In Indonesia, low rates of female literacy and high gender disparity in schools indicate that women are often excluded from the education system. At Cargill's Yayasan Masa Depan Cerah Education Foundation ("Hope for a Brighter Future"), more than half of the teachers are women, and the student population is evenly divided between boys and girls.



Others:  
**<1% growth**

Brands committed to sustainability:  
**More than 4% growth**

**In 2015, a survey of more than 1,300 global brands indicated much higher annual growth for those committed to sustainability.**

SOURCE: NIELSEN



**Advancing sustainability**



**At Cargill, we aim to be the most trusted source of sustainable products and services for our customers. We are working at the intersection of food security and sustainability to nourish people and protect the planet.**

## **Collaborating for change**



**Ruth Kimmelshue**  
is Cargill's corporate  
senior vice president  
for Operations.

### ***How is Cargill leading on the topic of sustainability?***

**Kimmelshue:** As we look to the future, we are committed to creating practical and scalable solutions. This will involve tradeoffs, and we need to be mindful of decisions that we make today and how those decisions and actions will impact tomorrow. We still need to meet the needs of the present, which includes improving livelihoods for the hundreds of millions of people involved in agriculture around the world. But we must do this without compromising our collective ability to nourish future generations.

### ***What has your career taught you about these issues?***

I started with Cargill buying grain from farmers. Along the way, I also ran our turkey business and worked very closely with turkey farmers. I think of farmers as the ultimate environmentalists, because

their livelihoods are based on the land. So there is tremendous potential in farmers' inherent tendency toward conservation to make agriculture sustainable as a whole. It's not just for them, but for their children and grandchildren.

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**3.2m** Since 2010, Cargill and our partners have trained 3.2 million farmers on conservation, productivity and farm management


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### ***What else will be needed?***

Obviously, Cargill can't do this work alone. We need trust-based partnerships across our supply chains with suppliers, customers, NGOs, governments, civil society, other companies, consumers and, of course, farmers. I stress "trust" because it will require all of us to work together in good faith, believing that everyone has the same goal, which is to nourish the world's people while protecting the planet.

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 See more at [cargill.com/annual-report](http://cargill.com/annual-report)



In the Philippines, Cargill is continuing efforts to raise farmer livelihoods by supporting production of the world's first certified sustainable coconut oil.

## Solving for supply chains

Cargill knows that sustainable business is good business. As a company that takes a long-term view, our continued success will depend on joining with others to build a food system that meets the needs of today while providing for the needs of tomorrow. Last year, we identified four focus areas where we can use our expertise and scale to have the greatest positive impact: land use, water resources, climate change and farmer livelihoods.

“As one of the world’s largest buyers of agricultural commodities, Cargill sits at a unique intersection in food and feed value chains,” said Gert-Jan van den Akker, president of the company’s Agricultural Supply Chain enterprise. “Being a global company with touch points along many of the routes from farm to fork means we have an opportunity and a responsibility to be a leader.”

### Protecting forests

In addressing the complex global issue of deforestation, Cargill is building on more than a decade of action to advance solutions at the local level. In Brazil, for



### Cargill is working to protect forests in the Gran Chaco and Atlantic Forest biomes in Paraguay.

instance, the Soy Moratorium helped drive a nearly 80 percent decrease in the deforestation rate in the Amazon biome over the past 10 years. The progress was achieved through a collaboration among business, government and civil society to protect healthy forests and farmer livelihoods.

Neighboring Paraguay also has vital forest ecosystems that are among the world’s most diverse. As part of our pledge to help end deforestation, we are acting to protect natural forest land while promoting sustainable agriculture.

### A new approach on the ground

Paraguay is divided into two primary biome regions: the Atlantic Forest in the east and the Gran Chaco in the west. The country implemented a zero-deforestation law in the Atlantic Forest, where approximately 13 percent of the original forest remains intact, while the Gran Chaco faces rapid rates of deforestation comparable to the Brazilian Amazon before the Soy Moratorium was introduced. Cargill is working to improve land use practices in the Atlantic Forest, where our operations are based, while advocating for more sustainable practices in the Gran Chaco.

Conservation efforts today are based on a practical approach that encompasses strategic partnerships, risk analysis and employee training. We partner with government, civil society groups, businesses and more than 3,000 farmers in Paraguay.

This year, we joined the U.N. Development Programme’s Green Commodities Programme to advance multi-stakeholder dialogue, while continuing to work directly with soy producers to educate them on best practices and new policies in the Atlantic Forest.

We also started a partnership with World Resources Institute to help equip the agriculture sector with new proficiencies, including in Paraguay. The partnership

## Progress on our priorities

### Land use

- Published a global forest policy and detailed action plans as a next step toward eliminating deforestation from our supply chains by 2030.
- Achieved our goal of full traceability to the mill for palm oil in key markets.

### Climate change

- Avoided 1.2 million metric tons of greenhouse gas emissions, equivalent to taking 250,000 cars off the road for a year, according to U.S. EPA estimates.
- Set a 2020 target to improve greenhouse gas intensity by 5 percent against a fiscal 2015 baseline, achieving a 2.2 percent improvement this year.
- Set a 2020 target to improve energy efficiency by 5 percent against a fiscal 2015 baseline, achieving a 1.5 percent improvement this year.
- Set a 2020 target to increase renewables to 18 percent of our energy portfolio, reaching 14 percent this year.

### Water resources

- Set a 2020 target to improve freshwater efficiency by 5 percent against a fiscal 2015 baseline, achieving a 1.5 percent improvement this year.
- Realized approximately \$200,000 in freshwater efficiency savings.

combines WRI's world-class mapping capabilities and analytical tools with Cargill's insights from operating in 70 countries.

WRI's Global Forest Watch is a mapping tool that empowers people to manage and conserve forest landscapes through an interactive monitoring and alert system. By assessing deforestation risks, this online tool helps ensure that soy coming into the market has been grown responsibly. Cargill and WRI also are mapping water stress in critical regions to better understand and mitigate risk.

With the help of partners, including WRI and The Nature Conservancy, Cargill has provided employees from some of our

30 grain elevators in eastern Paraguay with training on company policies, market trends, and monitoring and analysis tools that can benefit farmers. As a result, our employees are better able to help educate farmers on best farming practices, improved grain quality, input optimization and logistics.

"We're making strides to create a culture among farmers of improving agricultural practices," said Juan Pane, sustainability lead for Cargill Agricultural Supply Chain in Paraguay. "But any practice we advocate has to take farmers' livelihoods into account. This is why, for example, we source multiple crops from the region.

We want to encourage crop rotation that is vital to soil health and put a business incentive behind it."

Although these efforts in Paraguay are just beginning, they are an important part of the much bigger process of creating change at a global scale. This program will continue to provide learning that Cargill, WRI and others can take to different regions, offering a strong foundation on which to build and adapt. Cross-sector collaborations like the one in Paraguay will help create a food system that nourishes people today and tomorrow.

**This year, Cargill acquired EWOS, the global leader in sustainable salmon and trout nutrition.**



**1 in 3** of the world's farmed salmon and trout are raised on EWOS feed

**EWOS cut its marine index – the portion of ingredients in its feed that comes from marine life –**

**in half** during the past decade, from 55 percent to 27 percent

**11%** fewer greenhouse gas emissions per ton of EWOS feed since 2013

### Farmer livelihoods

- Trained more than 500,000 farmers during fiscal 2016 to improve conservation, productivity and animal husbandry.
- Teamed up with CARE over the past two years to help more than 19,000 smallholder farmers in eight countries access agricultural training and reach new markets.
- Partnered with TechnoServe to provide Nicaraguan farmers with high-yielding hybrid seeds and improved techniques that will reduce their costs by up to 30 percent.

### Improving nutrition

- Reached 16,000 students in Central America through an initiative to promote nutrition and food security information among schoolchildren, parents and teachers.
- Provided 30,000 community members in Brazil with resources and training to establish local kitchen gardens, as well as linking smallholder growers with school meal programs.
- Invested more than \$5 million in new programs to combat hunger and improve nutrition and wellness for children in the U.S.
- Supported employee wellness and nutrition programs in Indonesia and distributed breakfast to more than 1,100 elementary school students at Cargill's PT Hindoli plantation.

### Healthier ingredients

- Collaborated with food and beverage companies globally to develop hundreds of products that meet growing consumer demand for healthier foods and cleaner labels.



**Together, we are creating  
a more sustainable,  
food-secure future.**



### **Our company**

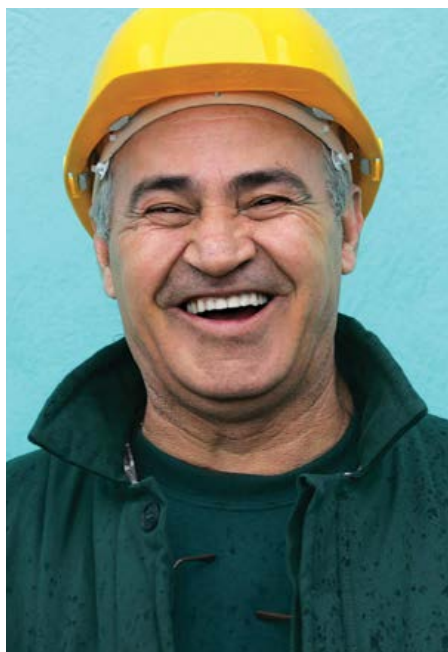
has 150,000 employees  
at work in 70 countries.

### **Our businesses**

advance food and agriculture  
from farm to fork, locally  
and globally.

### **Our giving**

scales up the impact of  
our work in food security,  
sustainability and nutrition.



**Agricultural supply chain**

**Animal nutrition**

**Energy, transportation  
and metals**

**Food and bioindustrial  
ingredients**

**Protein and salt**



### **Our leadership team**

**David MacLennan**  
Chairman and CEO

**LeighAnne Baker**  
Human Resources

**David Dines**  
Energy, Transportation  
and Metals

**Kathy Fortmann**  
Business Services

**Todd Hall**  
Protein and Salt

**Ruth Kimmelshue**  
Business Operations  
and Supply Chain

**Marcel Smits**  
Finance and Compliance

**Joe Stone**  
Animal Nutrition

**Gert-Jan van den Akker**  
Agricultural Supply Chain

**Frank van Lierde**  
Food and Bio-  
industrial Ingredients

**Our mandate is clear. We are addressing changing market dynamics, driving innovation and advancing sustainability. Our customers and communities trust Cargill for solutions that will nourish people and protect the planet, both now and for future generations. We are taking bold actions today to create a more prosperous tomorrow.**





**thrive**

